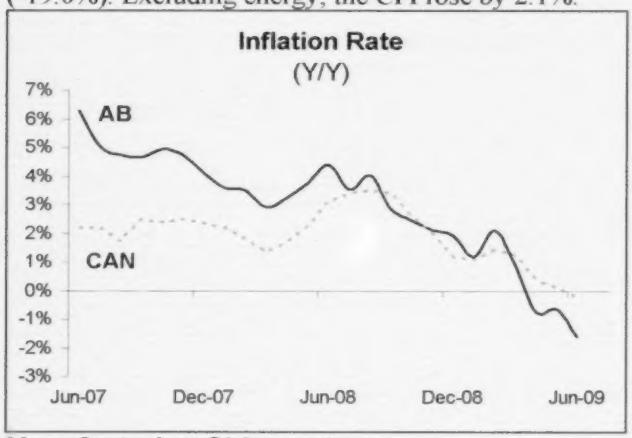
Consumer Price Index

Prices decrease for a third month…

Alberta's year-over-year CPI inflation rate was -1.6% in June, the third consecutive month of price decline. However, the province is not experiencing widespread deflation, as the drop was mainly caused by a significant moderation in energy and housing costs. Compared to June 2008, the price of gasoline fell 25.4%, natural gas fell 53.5%, and the cost of shelter was down 6.3%.

Canadian prices fell by 0.3% in June, the first 12-month decline in the CPI since November 1994. Again, the decrease was due to falling energy prices (-19.0%). Excluding energy, the CPI rose by 2.1%.



Manufacturing Shipments

Shipments continue to drop…

Manufacturing shipments in Alberta fell for the fourth consecutive month in May, down by 2.5% to $4.41 billion (seasonally adjusted). Large year-over-year drops were seen in the computers and electronics (-53.8%), machinery (-27.2%), and petroleum and coal (-44.5%) industries. Overall, manufacturing shipments fell by 19.3% in the first five months of 2009, and by 28.2% compared to May 2008. The decline was partly due to falling prices, as real shipments fell by only 20.1%.

Canadian manufacturing shipments fared even worse, falling by 6.0% month-over-month. Among provinces, Quebec (-9.1%), Ontario (-7.8%), and British Columbia (-3.8%) were the hardest hit.

Canadian Dollar (US¢/C$)	
July 17, 2009	89.54
July 10, 2009	85.84
2009-10 YTD	86.21
WTI Oil US$/bbl	
July 16, 2009	$ 62.02
July 09, 2009	$ 60.41
2009-10 YTD	$ 60.17
Nymex Natural Gas C$/MMBtu *	
Near-month Contract	
July 17, 2009	$ 4.12
July 10, 2009	$ 3.92

* Estimate based on Nymex Futures Market Price

New Motor Vehicle Sales

Vehicle sales falter…

Following two consecutive months of gains, dealers in Alberta sold 14,995 (seasonally adjusted) new cars and trucks in May, a monthly decline of 1.9% (Statistics Canada revised April's sales to 15,293). Compared to last year, new vehicle sales in May were down by 27.5%.

Nationally, sales grew 1.0% from April, to 121,348 units. Most provinces saw a month-over-month gain; Alberta (-1.9%), Quebec (-1.4%) and P.E.I. (-9.1%) were the exceptions.

BoC Business Outlook Survey

Businesses are feeling optimistic…

The Bank of Canada's Summer 2009 Business Outlook Survey suggests businesses are expecting an improvement in the economic outlook. Sixty-one percent of firms surveyed expect their sales volume to increase at a greater rate over the next 12 months, and 84% said they expect their level of employment to either increase or remain the same.

U.S. Economy

Housing starts unexpectedly come to life…

In June, U.S. housing starts rose by a better than forecast 3.6% to an annualized 582,000 units, the highest level in seven months. Since the housing collapse was a major cause of the current downturn, a prolonged improvement in the housing market is seen as key to a U.S. economic recovery.

Alberta

CURRENT ECONOMIC INDICATORS

July 17, 2009

Overall Economy	2007	2008	2009YTD*	Jan	Feb	Mar	Apr	May	Jun
Real GDP (in 2002 $billions)	187.5	187.0	--	--	--	--	--	--	--
% change	3.1	-0.2	--	--	--	--	--	--	--
Nominal GDP ($ billions)	258.9	291.7	--	--	--	--	--	--	--
% change	8.1	12.6	--	--	--	--	--	--	--
Population[1] (000's) (level)	3,511	3,585	3,654	3,632	--	--	3,654	--	--
% change	2.6	2.1	2.6	2.6	--	--	2.7	--	--
Net Interprovincial Migraton[1] (level)	33,809	10,010	18,269	6,198	--	--	7,144	--	--
Net International Migration[1] (level)	16,136	19,283	13,179	4,097	--	--	4,175	--	--
Net Non-permanent Residents[1] (level)	13,539	17,890	17,557	4,870	--	--	4,626	--	--
Labour Market									
Employment (000's)	1,959	2,013	1,989	2,026	2,002	1,987	1,993	1,994	1,990
% change	4.7	2.8	-0.5	1.2	0.2	-1.0	-0.9	-1.1	-1.6
Unemployment Rate (%)	3.5	3.6	5.8	4.4	5.4	5.8	6.0	6.6	6.8
Average Hourly Wage Rate	6.0	5.7	5.0	6.2	4.5	3.6	4.3	5.0	6.1
Average Weekly Earnings[2]	5.8	6.0	5.3	7.0	5.4	5.6	3.2	--	--
Labour Income[3]	11.3	8.4	4.0	5.0	3.9	3.0	--	--	--
Price Indices									
Consumer Price Index	5.0	3.1	0.2	1.2	2.1	0.9	-0.7	-0.7	-1.6
NEW! Excluding food and energy	4.9	1.9	1.6	1.5	2.0	1.4	1.1	1.7	1.6
Non-Res. Const. Cost Index[4] (quarterly)	17.3	13.2	-1.0	--	--	-1.0(Q1)	--	--	--
Farm Product Price Index	14.3	11.1	-5.2	-3.8	-5.9	-4.7	-6.1	--	--
Crops	41.4	26.3	-22.3	-18.8	-22.0	-23.0	-25.4	--	--
Livestock	0.7	2.1	14.0	14.0	12.4	17.5	12.3	--	--
Household Sector									
Housing Starts (SAAR, 000's)	48.1	29.0	14.4	15.7	12.6	11.9	13.5	13.5	19.3
% change	-2.1	-39.7	-58.0	-55.8	-62.4	-77.0	-55.6	-57.8	-15.7
New Housing Price Index	22.5	0.7	-9.8	-8.4	-9.6	-10.5	-10.7	-9.8	--
Edmonton	32.1	1.0	-11.8	-10.4	-12.2	-12.3	-12.5	-11.7	--
Calgary	16.2	0.6	-7.8	-6.5	-7.1	-8.7	-8.8	-7.9	--
MLS Average Resale Prices	24.3	-1.4	-7.8	-10.0	-9.2	-10.4	-6.8	-5.8	-4.6
Edmonton	34.3	-2.0	-6.5	-4.5	-8.7	-10.1	-7.4	-4.2	-3.8
Calgary	18.7	-2.9	-9.7	-11.4	-10.8	-11.3	-10.1	-8.7	-6.3
Retail Sales	9.3	-0.1	-11.0	-6.4	-13.4	-13.8	-10.1	--	--
NEW! New Motor Vehicle Sales	3.3	-7.3	-28.3	-22.5	-35.4	-31.9	-24.4	-27.5	--
Business Sector									
Public and Private Investment[5]	9.1	3.6	-14.0	--	--	--	--	--	--
Mining and oil and gas[5]	0.3	-1.4	-28.2	--	--	--	--	--	--
Rigs Drilling	-35.2	-2.1	-44.9	-24.4	-43.9	-60.8	-42.0	-39.2	-56.3
Goods Exports (customs based)	5.3	33.2	-28.7	-27.3	-30.2	--	--	--	--
Energy	4.4	40.9	-33.2	-31.5	-35.1	--	--	--	--
Agriculture	9.8	28.6	0.0	-3.4	3.6	--	--	--	--
Total Farm Cash Receipts (quarterly)	11.9	15.2	4.5	--	--	4.5(Q1)	--	--	--
NEW! Manufacturing Shipments	1.9	6.9	-19.3	-13.6	-15.1	-14.2	-23.6	-28.2	--
Wholesale Trade	5.0	10.9	-4.8	4.5	-6.3	-4.4	-11.7	--	--
Building Permits	13.4	-16.5	-41.7	-52.5	-66.9	-29.9	-40.9	-18.6	--
Residential	10.7	-31.5	-54.1	-67.0	-72.4	-38.9	-44.2	-49.3	--
Non-residential	17.1	3.7	-29.4	-40.2	-61.8	-20.7	-37.3	13.0	--

Government of Alberta
Finance and Enterprise

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30). The April population estimate is also the 2009 year-to-date value.

[2] The average weekly earnings series was extensively revised on March 31, 2009 and is no longer comparable with numbers in previous Bulletins

[3] Total income earning in Alberta including wages and salaries, and supplementary income.

[4] Average of Calgary and Edmonton.

[5] 2009 based on initial investment intentions, 2008 preliminary actuals, and 2007 actuals

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association) and Rigs Drilling (Canadian Association of Oilwell Drilling Contractors).

Alberta

CURRENT ECONOMIC INDICATORS, BY PROVINCE

		Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Conference Board Forecast (Spring 2009)												
Real GDP Growth												
2008 (actuals, Statistics Canada)		***0.5%***	-0.1%	0.9%	2.0%	-0.0%	1.0%	-0.4%	2.4%	4.4%	**-0.2%**	-0.3%
2009		***-1.7%***	-5.0%	-0.2%	0.4%	0.5%	-0.9%	-2.4%	1.0%	0.2%	**-2.4%**	-1.8%
2010		***2.5%***	1.0%	1.7%	1.5%	2.2%	1.8%	2.5%	2.4%	3.2%	**2.9%**	3.3%
Population (As of April 1, 2009)												
Population		**33,592,686**	508,726	140,638	939,475	748,866	7,799,372	13,014,018	1,217,163	1,027,092	**3,653,840**	4,435,344
Annual Growth Rate[a]		***1.23%***	0.20%	1.19%	0.18%	0.26%	0.89%	1.02%	1.16%	1.49%	**2.71%**	1.70%
Net Interprovincial Migration												
2008 Census Year (July 1, 2007 to June 30, 2008)			1,299	42	-117	-325	-12,399	-16,522	-503	8,067	**10,010**	11,458
1st Quarter (January 1, 2009 to March 31, 2009)			98	-66	-357	61	-2,016	-5,015	-181	545	**7,144**	-16
Employment												
Level Change (000s)[b]		**-340.7**	-5.4	-1.6	-3.9	3.0	-29.9	-215.1	-1.9	14.5	**-32.0**	-68.4
Percent Change[b]		***-1.9%***	-2.3%	-2.1%	-0.8%	0.8%	-0.8%	-3.2%	-0.3%	2.8%	**-1.6%**	-2.9%
Unemployment Rate, 2009 avg (SA)		***8.0***	14.9	12.2	9.0	9.0	8.3	8.9	4.9	4.7	**5.8**	7.2
Participation Rate, 2009 avg (SA)		***67.4***	59.0	67.7	64.6	64.8	65.4	67.5	69.3	70.5	**74.6**	65.9
Average Weekly Earnings												
April 2009		**820.53**	799.20	697.50	733.09	740.11	760.76	848.63	764.32	795.35	**946.66**	790.13
Y/Y Percent Increase[c]		***1.4%***	4.7%	6.2%	3.3%	2.3%	0.6%	1.7%	1.7%	1.2%	**3.2%**	-0.3%
2009 Wage Settlements	NEW!										**4.5%**	
CPI Inflation												
June Annual	NEW!	**-0.3%**	0.3%	-0.8%	-1.1%	0.0%	0.2%	0.0%	0.6%	1.0%	**-1.6%**	-0.7%
Excluding Shelter		**-0.1%**	0.6%	1.1%	-0.4%	0.2%	0.2%	-0.3%	0.3%	0.2%	**0.4%**	0.0%
Housing Starts (000s)												
SAAR June 2009		**140.7**	3.0	1.0	3.1	3.5	40.6	45.6	4.8	5.9	**19.3**	13.8
Retail Sales												
Percent Change[d]		**-6.7%**	0.1%	0.5%	-1.8%	-3.1%	-5.0%	-7.3%	-5.1%	-5.3%	**-10.1%**	-8.2%
2009 YTD Retail Sales Growth		**-6.2%**	-0.5%	-1.8%	-4.0%	-2.4%	-3.6%	-5.7%	-4.7%	-3.6%	**-11.0%**	-10.0%
Manufacturing Shipments												
Percent Change[d]	NEW!	**-27.0%**	-57.5%	20.3%	-16.5%	-35.5%	-24.3%	-29.2%	-8.8%	-9.6%	**-28.2%**	-26.3%

a. Over the past 12 months
b. June 2009 Y/Y change, unadjusted for seasonal effects
c. Updated to April 2009
d. May 2009 Y/Y change, unadjusted for seasonal effects
SA-Seasonally Adjusted, SAAR-Seasonally Adjusted Annual Rate
Source: Statistics Canada, Canada Mortgage and Housing Corporation and Conference Board of Canada